

COUNTY GOVERNMENT OF BUNGOMA

COUNTY ASSEMBLY OF BUNGOMA

COUNTY ASSEMBLY DEBATES

THE DAILY HANSARD

WEDNESDAY, 6TH MARCH, 2024

Morning Sitting

COUNTY ASSEMBLY OF BUNGOMA

THE DAILY HANSARD

WEDNESDAY, 6TH MARCH, 2024

The House met at the County Assembly Chamber at 9:30 a.m.

(Temporary Speaker [Hon. Benjamin Otsiula] in the Chair)

PRAYER

COMMUNICATION FROM THE CHAIR

I have a communication to make Hon. Members; be informed that the Speaker and the Deputy Speaker are away on official engagements.

PAPERS

REPORT BY THE HOUSE BUSINESS COMMITTEE ON THE SECOND SESSION PLENARY REVIEW FEBRUARY TO DECEMBER 2023

Hon. Joseph Nyongesa (Majority Leader): Thank you, Mr. Speaker. Allow me on behalf of the Chairperson House Business Committee, to table a report by the House Business Committee on the Second Session Plenary Review February to December 2023.

(Hon. Joseph Nyongesa laid the paper on the floor)

Temporary Speaker: Thank you, Leader of Majority. Hon. Members a report by the House business committee on the Second Session Plenary Review for February to December 2023 having been tabled in this, it now becomes the property of the House and it shall form the basis of deliberations in subsequent engagements.

REPORT SECTORAL COMMITTEE ON FINANCE AND ECONOMIC PLANNING ON BUNGOMA COUNTY RECEIVERS OF REVENUE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH JUNE 2023

Temporary Speaker: Members, this report was erroneously laid on the table of this House. I therefore, direct that said report be expunged from the record and the same should be tabled afresh by the Chairperson of the Sectoral Committee on Finance and Economic Planning.

Hon. James Mukhongo (Chairperson, Finance): Thank you, Hon. Speaker. On behalf of the Committee on Finance and Economic Planning, I wish to lay on the table of this House a report

by Sectoral Committee on Finance and Economic Planning on Bungoma County Receivers of Revenue financial statements for the period ended 30th June 2023.

(Hon. James Mukhongo laid the paper on the floor)

Temporary Speaker: A report by the Sectoral Committee on Finance and Economic Planning on Bungoma County Receivers of Revenue financial statements for the period ended 30th June 2023 having been laid on the table of the House, it becomes the property of the House and it shall form the basis of our business in subsequent sessions.

NOTICES OF MOTION

THAT THIS HOUSE CONSIDERS HAVING LEGISLATION ON NAMING OF ROADS, STREETS, NUMBERING OF HOUSE AND BUILDING, BRANDING OF BUILDINGS WITH COUNTY COLOURS

Temporary Speaker: Hon. Members, in respect to that notice of motion, the Office of the Speaker is in receipt of notification that Hon. Cornelius Makhanu is bereaved and he is away and therefore, I direct that the said notice of motion be dropped from today's Order Paper and be taken back to the House Business Committee for consideration for future deliberations.

REPORT BY THE HOUSE BUSINESS COMMITTEE ON THE SECOND SESSION PLENARY REVIEW FEBRUARY TO DECEMBER 2023

Hon. Joseph Nyongesa: Thank you, Mr. Speaker. Allow me give a notice that this House adopts a report by the House Business Committee on Second Session Plenary Review from February to December 2023.

Temporary Speaker: Hon. Members a notice of motion having been issued that this House adopts a report by the House Business Committee on the Second Session Plenary Review from February to December 2023, I direct the Table Clerks to circulate this report to members as it shall form the basis of our engagement in our subsequent sessions.

Next,

REPORT SECTORAL COMMITTEE ON FINANCE AND ECONOMIC PLANNING ON BUNGOMA COUNTY RECEIVERS OF REVENUE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH JUNE, 2023

Hon. James Mukhongo: Thank you, Hon. Speaker. I rise to give a notice of motion that this House adopts a report by Sectoral Committee on Finance and Economic Planning on Bungoma County Receivers of Revenue financial statements for the period ended 30th June 2023.

Temporary Speaker: Thank you, Hon. James Mukhongo. Members, a notice of motion having been issued that this House adopts a report by Sectoral Committee on Finance and Economic Planning on Bungoma County Receivers of Revenue financial statements for the period ended 30th June, 2023, I therefore direct the Table Clerks to circulate the said motion to all members to prepare because it shall form our basis of engagement in our future sessions.

Next,

MOTION

REPORT BY SECTORAL COMMITTEE ON AGRICULTURE, LIVESTOCK, FISHERIES, IRRIGATION AND COOPERATIVE DEVELOPMENT ON THE BUNGOMA COUNTY GOVERNMENT FOURTH QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH JUNE 2023 WITH RESPECT TO THE DEPARTMENT OF AGRICULTURE, LIVESTOCK, FISHERIES, IRRIGATION AND COOPERATIVE DEVELOPMENT

Temporary Speaker: I have received a progress report; I therefore call upon the Chairperson of this committee Hon. Wafula Waiti to read to the House.

Hon. Jack Kawa: *(On a point of information)* Thank you, Mr. Speaker for granting me this opportunity. Looking at our Order Paper, I think the Finance Committee report was to come first before Agriculture. I wonder what has changed suddenly.

Temporary Speaker: Hon. Jack Kawa, you are out of order. Please consider your Order Paper. Hon. Waiti, you can now proceed.

Hon. Wafula Waiti (Chairperson, Agriculture): Thank you, Mr. Speaker for protecting me. Arising from observation no. 6 and recommendation no. 5 in the report by the Agriculture, Livestock, Fisheries, Irrigation and Cooperative Development on Bungoma County Government fourth quarter financial statements for the period ended 30th June, 2023, I rise to give a progressive report on crop insurance cover.

The Committee on Agriculture, Livestock, Fisheries, Irrigation and Cooperative Development report on Bungoma County Government fourth quarter financial statements for the period ended 30th June 2023 with respect to the department of Agriculture, Livestock, Fisheries, Irrigation and Cooperative Development was tabled on 14th February, 2024 and a motion moved on Tuesday 20th February, 2024 in the afternoon sitting.

During debate, concerns were raised on the crop insurance cover programme which was referred back to the Committee for further deliberations and reporting back to the House on 5th March, 2024 at 2.30 p.m. The Committee took up the concerns raised by the House and wrote to the

department to submit documents in respect to the crop insurance cover programme and was furnished with the documents on 28th February, 2024. The committee is scrutinizing the submitted documents to come up with a comprehensive report to this House.

Arising from the submission and pursuant to the provisions of Standing Order 202 (2) of Bungoma County Assembly Standing Orders, I hereby seek leave of the House for an extension of time by 21 days for the Committee to interrogate the CECM, Chief Officer and any other person of concern in respect of the crop insurance cover programme. As a committee we undertake to report to this House on 27th March, 2024.

Temporary Speaker: Thank you Hon. Wafula Waiti for moving the progressive report. According to the report you are seeking for 21 days?

Hon. Wafula Waiti: Yes, Mr. Speaker.

Temporary Speaker: Hon. Members, having considered the progressive report...you want to inform the Speaker while on his feet?

Hon. Jack Wambulwa: *(On a point of information)* Thank you, Mr. Speaker. As I support what the chairperson has indicated that he needs time to get a full report over the crop insurance; I request the chairperson should note the following as they prepare to meet the CECM and the team; can they avail us the list of farmers per ward who were to benefit from this crop insurance, when were they vetted, what is their land title numbers, how many benefited from the crop insurance and how much going by the crop insurance policy was the production of Bungoma county as a whole.

Temporary Speaker: Thank you, Hon. Jackson Wambulwa. Hon. Members, the Chairperson Agriculture Committee has requested for 21 days to furnish this House with a comprehensive report. Let us give the committee a chance to work on the report and report to this House on 27th March, 2024. Hon. Members kindly hold your horses.

Let us proceed to the next item on the Order Paper.

(Applause)

**REPORT BY SECTORAL COMMITTEE ON FINANCE AND ECONOMIC PLANNING ON THE
BUNGOMA COUNTY GOVERNMENT FOURTH QUARTER FINANCIAL STATEMENTS FOR THE
PERIOD ENDED 30TH JUNE, 2023 WITH RESPECT TO THE DEPARTMENT OF FINANCE AND
ECONOMIC PLANNING**

Hon. Jack Kawa: Thank you, Hon. Speaker. On behalf of the Committee on Finance and Economic Planning, I am privileged to move a report on the fourth quarter financial statements for the period ended 30th June, 2024.

PREAMBLE

It is my duty to present the report by the Committee on Finance and Economic Planning on the 4th Quarter Financial Statements for the Financial Year 2022/2023 for period ended 30th June, 2023. The document was tabled in this County Assembly of Bungoma on 26th October 2023 and stood committed to all Sectoral Committees for their interrogation, input and recommendation through a report to this Honorable House.

THE MANDATE OF THE COMMITTEE

The Committee on Finance and Economic Planning falls under Sectoral Committees whose mandate is derived from Standing Order 217 (5) and matters assigned under the Second Schedule which shall be exercised within the limits contemplated under Part 2 of the Fourth Schedule to the Constitution.

COMMITTEE MEMBERSHIP

The Committee comprises of the following members;

- | | |
|-------------------------|------------------|
| 1. Hon. James Mukhongo | Chairperson |
| 2. Hon. Orize Kundu | Vice Chairperson |
| 3. Hon. Everton Nganga | Member |
| 4. Hon. Aggrey Mulongo | Member |
| 5. Hon. Vitalis Wangila | Member |
| 6. Hon. Violet Makhanu | Member |
| 7. Hon. Stephen Wamalwa | Member |
| 8. Hon. Tony Barasa | Member |
| 9. Hon. George Makari | Member |

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|-----------------------------|--------|
| 10. Hon. Catherine Kituyi | Member |
| 11. Hon. Jack Kawa | Member |
| 12. Hon. Everlyne Mutiembu | Member |
| 13. Hon. Christine Mukhongo | Member |
| 14. Hon. Francis Chemion | Member |
| 15. Hon. Godfrey Mukhwana | Member |

GUIDING PRINCIPLES IN THE EXAMINATION OF THE BUNGOMA COUNTY GOVERNMENT QUARTERLY REPORTS AND FINANCIAL STATEMENTS

In the execution of its mandate, the Committee on Finance and Economic Planning is given a legal backing under the Constitution of Kenya 2010, Public Finance Management Act, 2012, and County Governments Act, 2012. These statutory provisions include:

Constitutional Principles on Public Finance

Article 201 of the Constitution of Kenya, 2010 enacts fundamental principles that “...*shall guide all aspects of public finance in the Republic...*” These principles include, *inter alia*, that: **201(a)** *there shall be openness and accountability, including public participation in financial matters;* **201(d)** *Public money shall be used in a prudent and responsible way; and* **201(e)** *financial management shall be responsible, and fiscal reporting shall be clear.*

Section 149(1) (a) and (b) of the PFM Act 2012 provides as follows... “*an accounting officer is accountable to the County Assembly for ensuring that the resources of the entity for which the officer is designated are used in a way that is;*

- a) Lawful and authorized*
- b) Effective, efficient, economical and transparent*

1. DIRECT PERSONAL LIABILITY

Article 226(5) of the Constitution of Kenya, 2010 is emphatic that “*If the holder of a public office, including a political office, directs or approves the use of public funds contrary to law or instructions, the person is liable for any loss arising from that use and shall make good the loss, whether the person remains the holder of the office or not*”.

2. OBLIGATIONS OF ACCOUNTING OFFICERS

The Public Finance Management Act, 2012 section 166 states as follows;

- 1. An accounting officer for a county government entity shall prepare a report for each quarter of the financial year in respect of the entity.*

2. *In preparing a quarterly report for a county government entity, the accounting officer shall ensure that the report—*
 - (a) *contains information on the financial and nonfinancial performance of the entity; and*
 - (b) *is in a form determined by the Accounting Standards Board.*
3. *Not later, than fifteen days after the end of each quarter, the accounting officer shall submit the quarterly report to the County Treasury.*
4. *Not later than one month after the end of each quarter, the County Treasury shall—*
 - (a) *consolidate the quarterly reports and submit them to the county assembly;*
 - (b) *deliver copies to the Controller of Budget, National Treasury and the Commission on Revenue Allocation; and*
 - (c) *publish and publicize them*

ACKNOWLEDGMENT

I take this opportunity to thank all Hon members of the Committee for dedicating their time to interrogate the Finance and Economic Planning department for the 4th Quarter Financial Statements for the Financial Year 2022/2023 for period ended 30th June, 2023. The Committee would also like to appreciate the Secretariat who worked with us for their commitment.

Lastly, the Committee is grateful to the offices of the Speaker and the Clerk to the County Assembly of Bungoma for logistical support received as it discharged its mandate.

It is therefore my privilege, on behalf of the Committee on Finance and Economic Planning, to table this report.

Signed by Hon. James Mukhongo Chairperson, Sectoral Committee on Finance and Economic Planning

KEY HIGHLIGHTS ON THE 4TH QUARTER FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR 2022/2023

a) The total budget for the County in the financial year 2022/23 was Kshs. **14,824,738,618** as per the approved 2nd supplementary budget with the breakdown of the sources as indicated below:

No.	Source	Amount
1	Equitable share	10,659,435,192.00
2	Equitable share b/f	867,288,525.00
3	Retention	293,425,903.00
4	Conditional grant Development partner	1,543,377,938.00
5	Conditional grants National Government	113,228,200.00

6	Local revenue as per act	500,000,000.00
7	AIA	847,382,860.00
	Grand Total	14,824,738,618.00

The financial statement submitted gives an expenditure outlay of Kshs. 14,159,252,597 i.e Kshs. 665,486,021 less the approved amounts. The difference relates to AIA in the ministry of health for facilities.

ANALYSIS OF REVENUE

Out of the Kshs. 14,824,738,616 expected, Kshs. 11,890,639,393 was received from exchequer, 80% of the expected, and Kshs. 27,120,967 was received from AIA which translates to 15% of the expected Kshs. 181,896,840.

Exchequer Releases

Description	Period ended June 2023	Comparative period 2022
	Kshs.	Kshs
Total Exchequer release quarter 1	1,664,556,086	1,514,522,313
Total Exchequer release quarter 2	2,409,398,463	2,821,653,159
Total Exchequer release quarter 3	2,229,202,353	2,271,332,689
Total Exchequer release quarter 4	5,560,361,528	4,006,535,636
Total	11,863,518,430	10,614,043,797

Receipts and payments for the period ended 30th June 2023

Of the Kshs. 11,890,639,396 received during the period, Kshs. 11,863,518,430 was from equitable share while Kshs. 27,120,967 from AIA.

Included in the equitable share were grants received from World Bank-NARIGP Kshs. 180,705,535, Agriculture Sector Development Support Program II Kshs. 5,344,642, Kenya Urban support program Kshs. 3,534,475 and Financing Locally Led Climate Action Program Kshs. 11,169,750

The county had equitable share brought forward of Kshs. 867,288,525. Kshs. 12,101,536,966 was utilized in Financial Year 2022/23. This translates to absorption rate of 82%.

Kshs. 2,788,109,966 was utilized on development while Kshs. 9,058,422,012 on recurrent expenditure.

Social security benefits relate to gratuity for Chief Officers, CEC Members paid to provident fund to be paid on expiry of contracts.

Kshs. 1,256,268,326 was transferred to the County Assembly.

	Period ended June 2023	Comparative period 2022
	Kshs.	Kshs.
Receipts		
Exchequer releases (Transfer from CRF)	11,863,518,430	10,614,043,797
Other receipts	27,120,967	147,581,046
Total receipts	11,890,639,396	10,761,624,843
Payments		
Compensation to employees	5,169,412,184	4,842,460,885
Use of goods and services	2,116,895,828	2,037,798,793
Transfer to other Government entities	1,256,268,326	962,742,192
Other grants and transfers	979,566,252	1,304,180,080
Social security benefits	46,456,661	44,019,522
Acquisition of assets (pg25)	2,164,943,061	1,609,935,884
Other payments	112,989,303	167,875,698
Total payments	11,846,531,615	10,969,013,054
Surplus /deficit	44,107,781	(207,388,210)

Other receipts	2022/2023	2021/2022
Description		
AMC Fees(Mabanga ATC)	27,120,967	17,303,686
Dispensaries fees & insurance claims	0	114,215,701
Polytechnics fees	0	16,061,662
Total	27,120,967	147,581,046

Comparison of budget vs. actual amounts

Budget for exchequer release for the period ended 30th June, 2023 was Kshs. 13,977,355,757, actual received was Kshs. 11,863,518,430 which is 87%. This was because of failure by donors

to remit in full the amount budgeted. This includes the Kenya Urban Support Program, Climate change grant and NARGIP

Other receipt was AIA expected from other facilities other than hospitals Kshs. 27,120,967 out of a total budget of Kshs. 181,896,840.

Receipts /payments	Budget	Actual	Variance	%
Exchequer release	13,977,355,757	11,863,518,430	2,113,837,327	87
Other receipts(AIA)	181,896,840	27,120,967	154,775,873	15
Total	14,159,252,597	11,890,639,396	2,268,613,200	84
Payments				
Compensation to employees	5,245,623,881	5,169,412,184	76,211,697	99
Use of goods and services	2,541,353,701	2,116,895,828	424,457,873	97
Transfer to other Government units	1,294,353,579	1,256,268,326	38,085,253	97
Other grants	2,234,270,015	979,566,252	1,254,703,763	44
Social security benefits	46,456,661	46,456,661	0	100
Acquisition of assets	2,685,896,760	2,164,943,063	520,953,699	81
Other payments	111,298,000	112,989,303	169,303	100
Total	14,159,252,597	11,846,531,615	2,312,720,981	84

Other payments relate to emergency fund Kshs. 104,157,400 and Kshs. 8,831,903 to suppliers.

Comparison of actual vs budget recurrent

Total recurrent budget was Kshs. 9,713,369,159, out of this, Kshs. 9,300,150,826 was received (96%). Total expenditure was Kshs. 9,058,422,012. The major expense was salaries Kshs. 5,169,412,184 against a budget of Kshs. 5,245,623,881 leaving a balance of Kshs. 76,211,697 and Kshs.3.7b on operations and maintenance.

Comparison of budget vs. actual amounts Development

The County expected to receive exchequer release of Kshs. 4,445,883,438 for the year.

By quarter 4 ended 30th June; Kshs. 2,590,488,570 had been received, translating to 58 %. This was due to failure by donors to remit the budgeted amount in full. Total expenditure was Kshs. 2,788,109,603 leaving a negative variance of Kshs. 197,621,033

Own source revenue and AIA

There is no mention of own source revenue in the report, however computations from information given gives a total collection of Kshs. 336,794,713.

The County expected Kshs. 181,396,839 from AIA, but only Kshs. 27,120,967 was realized from Mabanga ATC which is 15% of expected.

Apart from Mabanga ATC, the county did not collect any money from other sources like VTCs and Chwele fish farm, department of Roads and Public works, Education etc. In the financial year 2021/2022 the county collected Kshs, 114,215,701 from dispensaries and Kshs. 16,061,662 from polytechnics. These departments had allocations to collect revenue e.g. Education had an allocation of Kshs.22 million while Roads and Public works had Kshs.4 million allocated with no collection being recorded from both.

CONDITIONAL GRANTS

For the conditional grants from development partners and National government, the County received an actual amount of Kshs. 979,566,252 in 2022/23 compared to Kshs. 1,304,180,080 remitted in 2021/22. These are grants for implementation of:

- Scholarships and other educational benefits Kshs. 524,000,000.
 - Other capital grants and transfers Kshs. 455,566,252.
- c) Accounts receivables (outstanding Imprest) across all departments amounted to Kshs. 288,712,420 compared to Kshs. 294,183,471 at the end of March 2023. Finance and Economic Planning department has the highest outstanding Imprest at Kshs.126, 691,080. The list of individual officers holding unaccounted Imprest is annexed.

Breakdown of imprest per department.	Period ended 31st June 2023.Kshs.	2021/2022 Kshs.
Finance and Economic Planning	126,691,080	24,365,695
Governor & Deputy Governors	34,954,054	1,547,700
Public Administration	22,166,140	12,692,500
County Secretary	16,173,190	8,128,250
Health and sanitation	14,287,870	
Gender ,Youth & Sports	11,012,200	
Trade and Industrialization	9,976,220	
Lands Urban and planning	8,155,760	
Housing	7,846,350	
Tourism	6,606,500	
Education	6,474,050	
Water	6,341,855	

County Public service board	5,961,195	
Bungoma Municipality	5,833,700	
Agriculture	3,276,225	
Kimilili	2,366,000	
Roads & Public works	590,031	
TOTAL IMPREST	288,712,420	34,041,645

e) Accounts payable (Retention) for all the departments was Kshs. 268,028,336 (Annexed)

The retention payable and deposits at the beginning of the period was Kshs. 293,425,903 with an additional retention accrued and deposited of Kshs. 142,069,980. A total of Kshs. 167,467,545 was paid during the FY leaving a balance of Kshs. 268,028,338 at end of period.

Outstanding retention 1 st July 2022	293,425,903
Addition for July 2022-June 2023	142,069,980
Total balance	435,495,883
Less retention payments July 2022-March 2023	167,467,545
Balance as at 31st June, 2023	268,028,338

f) Pending accounts payable, across all the departments was Kshs. 1,199,681,317. Kshs. 486,059,498 was paid during the period, despite pending bills being allocated Kshs.875 million in the supplementary budget; Kshs. 713,621,819 was the balance outstanding as at 30th June 2023 although the accuracy of this figure could not be confirmed. During interrogation, it was noted that other departments under declared their pending bills.

The department had Accounts payable (Pending bills) outstanding amount of Kshs. 346,617,546 as at 30th June, 2022, Kshs. 74,348,211 was paid during the year leaving a balance of Kshs. 272,238,436. The largest % of these pending bills is staff pension payable to Lap fund and Lap trust.

During the supplementary budget, the department was allocated Kshs. 248,365,000 towards staff pension with an additional Kshs 28,979,503 under supplier credit. Only Kshs. 48,193,826 was paid towards pension arrears during the period.

During interrogation, it was reported that the budgeting of pension over the last couple of years has been understated by 6months each year and that is the reason for the arrears carried forward each year.

DEPARTMENTAL EXPENDITURE ANALYSIS IN RESPECT TO THE DEPARTMENT OF FINANCE AND ECONOMIC PLANNING

The Department of Finance and Economic Planning had an annual approved budget of Kshs. 1,642,584,330, out of this amount, Kshs. 1,486,716,446 was recurrent and Kshs. 155,867,884 as Development. Kshs. 1,420,911,540 was absorbed under recurrent and Kshs. 153,131,111, under Development at an absorption rate of 96%. The major expenditure was under Emergency Fund of Kshs. 102,298,000.

The allocation to the various directorates is as shown below:

- i. General Administration Planning and Support services Kshs. 1,187,762,443 had an absorption of Kshs. 1,129,480,746 at the rate of 95%
- ii. County Public Financial Management Kshs. 437,942,778 had an absorption of Kshs. 275,548,463 under recurrent at the rate of 63%.
- iii. Monitoring and Evaluation Kshs. 16,879,109 had an absorption of Kshs. 15,882,331 at the rate of 94%.

Committee Observations

As per the submitted fourth quarter report and the oral submissions during the interrogations, the committee observed the following.

1. The County Treasury did not indicate how much each department received as revenue (Exchequer release) to implement their programmes in the period under review
2. The County expected Kshs. 181,396,839 from AIA, but only Kshs. 27,120,967 was realized from Mabanga ATC which is 15% of expected.
3. Apart from Mabanga ATC, the county did not collect any money from other sources e.g. VTCs, Chwele fish farm etc. In the financial year 2021/2022 the county collected Kshs, 114,215,701 from dispensaries and Kshs. 16,061,662 from polytechnics.
4. Revenue is collected by people who are not employed by the County, and they are not paid or remunerated.
5. Hospital facilities operate manually; they are not on IFMIS therefore accounting for the revenue generated was not possible.
6. There is no mention of balance brought forward of money from donors, own source etc.
7. The county has an outstanding imprest of Kshs.288 million as at 30th June, 2023. However, during the interrogations, Department submitted that the outstanding imprest is 49 million and there was no proof of surrender.

8. Development vote emergency fund Kshs. 102,298,000 was absorbed in full during the year yet the procedure of requesting for its utilization, reimbursing the same and reporting to the Assembly was not followed. Utilization of the money was not given.
9. Break down of balances on the retention account was not given
10. The Bank balances give same figures as closing balance for both year 2021/2022 and 2022/2023
11. Non-disclosure of pending bills by departments
12. Under budgeting for staff pension by 6 months every financial year resulting into arrears and accrual of pending bills.

Committee Recommendations

1. The County Treasury should disclose, without fail, how much each department receives as revenue (Exchequer release) to implement their programmes in subsequent financial reports.
2. The Department of Finance and Economic should liaise with other departments during the budgeting process on raising of own source revenue so that they are able to collect revenue allocated and follow up monthly on actual achieved against the target set to avoid budgeting for revenue that will never be collected.
3. The Financial statements should disclose revenue collected from all sources during the period. This includes own source revenue as well as revenue collected by hospitals even if the hospitals have the authorization to spend the full collection made.
4. The report should declare balance brought forward on other accounts e.g. donor accounts other than exchequer.
5. As a remedial measure, all staff collecting revenue should be on permanent and pensionable terms for accountability and effectiveness and for evidence of revenue leakage.

Temporary Speaker: Read that word again. It's not evidence.

Hon. Jack Kawa: Thank you, Hon. Speaker, I am getting tired. I will come up again.

As a remedial measure, all staff collecting revenue should be on permanent and pensionable terms for accountability and effectiveness and for avoidance of revenue leakage.

6. All revenue raising institutions E.g. hospitals and TVETS should be on IFMIS for ease of accountability.
7. All balances of money brought forward in previous year should be declared so as to ascertain collection for the period under review.
8. As the supervising entity, the Department of Finance and Economic Planning should ensure compliance to the provisions of regulation 93(5) and (6) of the Public Finance Management Regulations 2015 as read together with section 197(k) of the PMF Act 2012 in respect to management of imprests.

9. The County should adhere to the procedure spelt out in PFMA regarding operation of Emergency Fund pursuant to Section 110.
10. The County Treasury should break down balances on the retention account per department for clarity.
11. The County Treasury should be keen while consolidating and preparing the reports to ensure that comparative figures are correct on the bank balances at the end of the financial year.
12. The County Treasury should follow up and take action on departments that do not disclose the accurate pending bills.
13. The County Treasury should budget for staff pension in full to avoid carrying forward accrual of pending bills.

Conclusion

This committee urges for strict compliance to section 104 (i), (j) & (k) of the PFM Act 2012 in regard to responsibilities and powers of the County Treasury by all accounting Officers:

(i) Ensuring proper management and control of, and accounting for the finances of the County Government and its entities in order to promote efficient and effective use of the county's budgetary resources;

(j) Maintaining proper accounts and other records in respect of the County Revenue Fund, the County Emergencies Fund and other public funds administered by the County government;

(k) Monitoring the County Governments entities to ensure compliance with this Act and effective management of their funds, efficiency and transparency and, in particular, proper accountability for expenditure of those funds.

The adoption schedule is with us, some members have appended their signatures and we have the minutes also attached over the same.

Up to there, allow me in a special manner and a lot of humility call my able chair Hon. Barasa Mukhongo to second the report.

(Applause)

Temporary Chair: Thank you Hon. Jack Kawa for that eloquence and bravery. Let us now give chance to the Chairperson of the committee Hon. James Barasa Mukhongo to second the report.

Hon. James Mukhongo: Thank you, Hon. Speaker for the opportunity to second the motion that has been ably moved by one of my members that is none other than Hon. Jack Kawa.

As I rise to second the motion, as a Committee on Finance and Economic Planning we oversight a very key department that is Treasury and as we do that we have as a committee managed to come up with a report. When members were following this report, we have not hidden anything. We have disclosed everything so that we can have value for money because we always receive

the exchequer and when you look at what is being done on the ground, it does not reflect and we urge the Honourable members, I will single out some of the items.

The component of revenue, we are not meeting our targets. We have some departments when we prepare our budget, we give them some targets as a source of revenue but to our surprise, you will find we are not receiving even anything and we have mentioned in the report in some of those departments but when it comes to share what we have collected, they are the first to complain that I have been given this amount of money but this is what I was requiring and so it puts the executive in a very awkward position. We have observed and recommended over the same.

In terms of pending bills, the report is okay. We have shown everything and when we interacted with the executive, they were saying that it's because of the late disbursements but as a department, we are saying each and every department must be put on toes. That we do our procurement early enough so that payments are made promptly because when a contractor has been given some work to do in a certain ward and he has finished or completed that work maybe in the month of March, we will run away from this issue of pending bills Honourable members.

As a department and I want to laud my members because we were very candid enough on the issue of non-surrender of imprest. It is Finance and Economic Planning that has a huge amount of non -surrender. When we invited them to appear before the committee, they gave us some explanations of which I need to share with the members. They said there were some activities which were to be undertaken, they were put on the platform but because monies were released late so by the end of preparing these report and that is why you will see we have an outstanding imprest of Kshs 288 Million and when we went further and asked them how about other departments because Finance is a compliance department.

We have made our recommendations and even we have observed but in the conclusion, you can see we have made a directive that they must adhere to the provisions of PFM Act so I want to beseech this honourable House that we must up our oversight role.

As Finance Committee, we have done our part and we have given the information in totality, we are now requesting because after this report is adopted it is now for a committee in this Honourable House to make a follow up on our final conclusion. They have chances to invite the CEC and the relevant departments so that they can also make a follow up so that we can move in the same direction. Otherwise most of the issues have been observed and recommended, I now beseech honourable members to pass this report so that it can move to the next level. I second the motion.

(Applause)

Temporary Speaker: Thank you, Hon. James Mukhongo for your brief but eloquent seconding remarks.

(Question proposed)

Hon. Johnston Ipara: Thank you, Hon. Speaker. Let me laud Hon. Jack Kawa who is always in my mind for a very eloquent and clear reading and particularly on an item he thought that he needed the attention of the honourable Members, he repeated twice. Thank you honourable members and the committee.

Let me start by saying the purpose of quarterly reports as stated in the Standing Order that most of us have as reference book and also the Public Finance Management Act is that these particular reports are supposed to be submitted to the Honourable House on the 15th day on the close of the quarter and Honourable Speaker, today we are discussing this particular matter over 6 months after and the reason why these particular statements are submitted to this honourable House are to provide the following;

1. Data on the performance of a department
2. Help us assess financial health of the department and whether that department is achieving the intended goals of that department

This quarterly report is very clear and if we did follow it to the latter, it means that we can realize our dream as a county. Last night I was reading 2 reports by the Controller of Budgets on development; it stated that Bungoma is among the three least performing counties in terms of development. We are spending less than 1 per cent. The report that has been presented by Hon. Jack Kawa confirms these doubts.

The second report I read was when he was talking about Counties holding more than 1 account and one that disappointed me is where he talked about Bungoma County as the leading County holding 321 fake accounts and when the committee was saying that our realization is only Kshs. 27Million out of expected Kshs.181Million, it confirms where this money disappears to. A county that depends on exchequer releases can't go anywhere and this has been confirmed by Kshs.27Million that we received from 1 source.

We have several sources, over 50, the markets being one of them, licenses being the second one among others not forgetting CESS which is collected across the County. What is this that makes us collect Kshs.27Milion and not collect Kshs.1.4Billion which is a recommended one and proven? A survey was carried out and it confirmed that this County is capable of generating own revenue to a tune of Kshs.1.4Billion shillings. If there is one department that has failed this County and keeps on misleading this county is the department referred to as the department of Finance and Economic Planning and this has been confirmed by the chair himself when he said this particular department is leading in terms of non-compliance.

This booklet tells us non surrendered imprests by this department is Kshs.126, 691,080 and this you can refer on page 12 of the report. If really you put a thief to lead Christians, will we reach our destination? We shall not reach our destination and these we want and we are saying this

seriously as Honourable members, our County is not performing well because of this single department called Finance and if there is anything that this particular department is doing is busy reducing other departments and adding to their department. Really Speaker, it is a shame to us honourable members when we sit down and applaud such reports and even at times we go there and become the advocates of these persons. Where really on earth or in heaven have you seen a priest becoming an advocate of Satan? Never,

Let's go to pending bills, money set aside to meet this particular aspect was Kshs.875Million, money is available but we are only able to pay Kshs.486Million and a reason is not given as to why we have not paid that money. The money is available. If you did listen to our report that the CEC was presenting the other day, we were told pending bills were Kshs.1.2Billion and yesterday we were told they have just risen from nowhere to Kshs.2.1Billion. I was being briefed by CPA from this House that the new way of stealing without being suspected is you steal through the budget and particularly in accounting and the treasury is where those minds are and every time we are misled by people speaking so much English with no substance.

Temporary Speaker: Hon. Okasida, please focus on the motion before the House and make your contributions otherwise it appears as if you are casting aspersions, I want you to consider the motion before the House as you articulate your issues.

Hon. Johnston Okasida: Thank you for that guidance and if you did follow me very clearly I have been dwelling on the issues raised in the report.

Allocation to the department of Finance is Kshs.1.6Bilion. This is a department that is purely involved in policy and management of revenues that we receive. Why do we give a department that is involved in policy all these money that is required for development? This confirms that actually we are spending less than 1 per cent on development issues. I want to say this, we as a honourable House as said by the Chairperson of this Committee, are the people who are failing the people of Bungoma County. We have never taken hard decisions and the hard decisions I am referring to is where a proposal should come from this House we impeach these underperforming CECs.

I want to say one funny thing, our president is fighting to reduce the cost of farming, fertilizer has reduced to Kshs.2, 500 but this County is where we still practice what has been prohibited by the common law. We are buying fertilizer at Kshs.6, 050 and we are saying things are good. Yes, this is our government and we say let's defend it but where will it take us? This is the worst department and I agree with the recommendations and we must stand for this. We must also call to this Honourable House this particular CEC. We should not fear; he should come and tell us...

Hon. James Mukhongo: *(On a Point of Information)* I am not against anybody or any contribution but you had made a ruling and directed my brother that he sticks on the report because like what he is saying, we don't see any fertilizer here. I don't know why he is bringing

in some fishy issues as if we have commended something about fertilizer. That is my request Honourable Speaker.

Temporary Speaker: Duly noted Hon. James Mukhongo, Hon. Okasida, you are directed please stick to the contents of the report.

Hon. Johnston Ipara: Thank you, Hon. Speaker. For the first time the chairperson has offered me good information. I accept.

Lastly, we talk about donor funding. Every person needs that money and when you are given and you don't reveal the details of what that money was used for, you are not serving people rightly. It means you are doing a disservice to the people and God said what you do well to my people you have done to me. I submit.

(Applause)

Hon. Isaiah Sudi: Thank you, Hon. Speaker for giving me this opportunity to add my voice on the report by Finance and Economic Planning Committee.

First of all, I wish to applaud my colleague friend Hon. Jack Kawa for reading the document very well. This is a compliant department and just like in a home when you tell your children not to steal and everyday yourself you are found with stolen properties, I am very sure the children will borrow a leaf from you and they will also be thieves. We expect a compliance department to be a bit... it cannot be hundred per cent but it needs to be fairer. Like in a school an average student is one who can get a B to B+, we expect the department to be average or above average because now with 126 Million imprest then how do you expect these other departments to do. It is not the first time; look at other reports. It is like what we do here is just doing I don't know how I can put it. They have planned that this House cannot do anything, let them say, let them debate but there is no compliance. How now will they ask for compliance from another department like Trade if they have an Imprest of Kshs.20Million? They will simply say that treasury is doing the same.

If you give somebody Kshs.20Million to go and do business and you give another one Kshs.500,000 that go and do same business what is your expectation? They have allocated themselves a lot of money then they want Lands also to generate revenue, from where? There is no facilitation in other departments. The workers in those departments are not motivated because this department has Kshs.1.6Billion and when you look at other departments, they run a whole year with Kshs.41Million or Kshs.50Million or Kshs.100Milion and despite having Kshs.1.6 Billion, own source revenue is ever declining. We have more than one directorate in the same ministry which purports to be collecting for own source revenue which is ever declining like you see what we are doing now they have dropped from Kshs.750Million to Kshs.400Million and Bungoma used to be top in the whole country in terms of own source revenue collection. What has happened?

Casuals; how can you even in your own home make tea for your visitor and you have not given your children. They will portray something because they will keep on looking at the visitor as he takes the tea. These casuals need to be motivated because you cannot collect money and you know very well there is nothing for you. The Finance department needs to do something about these casuals. It is like a song now even if you confirm them, they are now used to stealing. How are you going to remove this mentality in them because they are earning by stealing. Even if we put them on permanent and pensionable terms, there will still be a problem again on own source revenue.

We are on a very delicate balance as a County because there are so many projects going around. We are constructing but as our own source revenue which also determines our exchequer releases continues going down, our percentage also from the National Government goes down. This is an issue that all of us need to participate and see where this revenue will be raised from like for example during Covid-19 period, the revenue collection for this County rose. It was very high and immediately Covid-19 was over it dropped. It means there is something.

I expected the department to have done a SWOT analysis on why we collected high revenue during Covid period and now that we are free we have dropped. That could have informed us as a County to address the own source revenue issue. We could have picked it and addressed it because some of these casuals those who collected revenue during Covid19 could not get in touch with the clients so the clients remitted money directly and the treasury failed to address that. They are again talking of own source revenue dropping and yet God had opened for us and given us the answer but we let it go.

I don't want to belabor so much because what the committee did has given so many recommendations that need to be followed be. I want to urge the committee on Finance and Economic planning to make a follow up on these recommendations and even the CECs in other departments so that our own source revenue can improve because when it improves, even our lives will improve because money for our Wards will go up and we shall have drugs in our hospitals. I rest my case and I support.

Hon. Sheila Sifuma: Thank you Mr. Speaker Sir for giving me an opportunity to contribute to the discussion on the floor of the House. Many a times we have rose in this House to either support or give our feedback on reports that are being debated but today I think this is a very sad morning, not for any other reason but from the details we are getting from the report. In a week that the president has ascended to a Bill that allows County Governments to receive more yet ourselves as a County Government whatever we are collecting is quite low, we are actually at 15 per cent according to the report and even when your kid comes home with a 15 per cent, automatically you will make the child repeat school because that is below average. It is very low in terms of performance. So it is a very sad morning and whether the report is passed or not or whatever direction the report goes, it is just for us to have a reflection as an Assembly in what role we are playing in assisting Bungoma County go far.

Just to comment on two issues the first one being the recommendation that the committee has made; 'the treasury did not show what each department received'. I feel like it is important for us to get attachment of this report as evidence of where money went to. You know Finance is to figure out how numbers make economic sense and right now there is nothing you can refer to see how this money made economic sense in our economy as Bungoma County. It is the first place we are failing because if we don't have something that we can refer back and say this is the document that shows distribution to different departments, it is the first point of failure and I commend the committee for recommending that each department's allocation should be communicated.

The next one, you know a cow that is not fed cannot produce milk no matter how much you beat it or you hate on it; if it has not eaten grass it will not produce milk. We are not feeding our economy as Bungoma in terms of the departments that need to produce revenue. The finance department across all practice is to help us on how to figure out what to do with our money and for it to make economic sense but in this sense, we are seeing the Finance department getting the biggest share and they are always reallocating money to it yet it is just a collecting and not a revenue generating department. There is no revenue it generates. It will just report to us on how money was spend, appropriate money to departments and do reports for us to know how and what is being done in the economy of Bungoma.

I think we have done well in terms of revenue collection because being at 15 per cent and we can't see exactly what is being done we need to clap for ourselves. I think maybe that is the best we can do. If there is something else we can do I urge honourable members in this House let's take action, let's do something that even our future generation will be proud of.

As I finish, sometimes we share our thoughts and at times they are dismissed but you see governments eat their own people and even if it will take 20 years, the people who are doing wrong will be brought to book one day. I would recommend us to go in the right books of records that we did the right thing even if the bodies will not implement. Let's do our duty well and time will be the best vindicator.

(Applause)

Hon. Jack Kawa (The mover): Thank you, Hon.Speaker. Once again, allow me laud the members who have contributed on this motion. As members of Finance committee, we take it positively and as a member of this committee, I think this is a fantastic report.

I want to agree with Hon. Ipara that hard decisions must be made especially when you look at observations and recommendations. I want to urge members of Implementation committee, you have a lot of work to do because the moment we bring the reports to this honourable House, it is out of our hands. We leave it to the implementation committee to do the follow up to make sure what we have passed here is being done.

I want to agree with Hon. Ipara that we have accounts in this County yes, but remember members even where I sit, I have an account in my Ward. It is not a fake account because when you say it is a fake account then start by pointing fingers at yourself first because that one is....

(Applause)

Those are the accounts the CEC outlined to us when they appeared before the committee.

When you go to polytechnics; they have their own account and when you go to hospitals, dispensaries... they also have their own account so members, I want to inform you that yes, we have the accounts but not personal accounts. I want to clarify that one for all of us.

About our revenue, I want to laud Hon. Sheila. When you follow her sentiments, you will find that they are very encouraging. As members of this Assembly and this County, we must also start by pointing fingers at ourselves. This is the third time for me as a member in this Honourable House Mr. Speaker, we have stickers, many of us here, have more than two vehicles. Some of us have vehicles that do businesses and they are not paying revenue so whom do we want to blame? Let us start by blaming ourselves first before we start blaming anybody else outside this honourable House. Let us ask ourselves, where the rain started beating us as Honourable members. Yes as the executive appeared before the committee; we asked why the period of Covid, we collected more money and now we have a significant reduction on our collection and they explained. Honourable members, let us not put our heads under the table; let us just call a spade a spade. We have had 2 consultative meetings with the governor about this revenue collection issue and measures are going to be put in place to make sure that we all abide.

Some of our members here, when the revenue collectors go in their Wards and try to collect some revenue for example in posho mills, they are like 'hallo, why are you there? That business is mine'. Measures are coming and it is going to be like a saw, it cuts... so lets us be ready and put our hands together to make sure our revenue goes up because it is a wholesome duty and not an individual responsibility Speaker.

This issue of casuals collecting revenue; measures are there, we are going to discuss and we are continuing to discuss. We want people that are answerable to collect revenue; if anything goes wrong he/she is answerable. They will be deducted.

This report according to me is the report among reports and I want to urge these honourable members that let us adopt and pass this report and leave it in the hands of Implementation committee being the watchdog. Let them oversight, let them make sure the report passed here is implemented. Let them not run here and there making some noise, they have been going in my Ward and making some nonsense there...

Temporary Speaker: Hon. Vitalis is not in approval of that. Hon. Jack Kawa.

Hon. Jack Kawa (The mover): Thank you, Hon. Speaker. I want to thank honourable members for their deliberations and urge that this report be passed the way it is. I also wish to request that the Implementation committee takes it up to do the necessary. On behalf of my committee, I want to say thank you for giving me the opportunity to move the motion.

Temporary Speaker: Thank you, Hon. Jack Kawa for your strong response and closing remarks in your reply.

(Question put and agreed to)

ADJOURNMENT

Temporary Speaker: Hon. Members, thank you for sitting through the session. That was the last item on the Order Paper, we therefore reconvene at 2:30 p.m. for the afternoon session.

(House rose at 11:27 a.m.)